PERMANENT COUNCIL OF THE OEA/Ser.G

 ORGANIZATION OF AMERICAN STATES CP/CAAP-3801/22 rev. 1

 16 February 2022

 COMMITTEE ON ADMINISTRATIVE Original: Portuguese

 AND BUDGETARY AFFAIRS

WORK PLAN OF THE CAAP FOR
FEBRUARY TO DECEMBER 2022

(Approved by the Committee at its meeting held on February 16, 2022)

 In my capacity as Chair of the Committee on Administrative and Budgetary Affairs, it is my pleasure to present to the member states, for their consideration, this Work Plan for February to December 2022.

**I. INTRODUCTION**

The Committee on Administrative and Budgetary Affairs (CAAP), established under the Permanent Council, has the following functions under Article 19 of the Rules of Procedure of the Permanent Council:

1. To recommend to the Permanent Council any programs within the Council’s purview that may serve the General Secretariat as a basis for preparing the proposed program-budget of the Organization, as stipulated in Article 112.c of the Charter;

2. To examine the proposed program-budget that the General Secretariat transmits to it in consultation with the Permanent Council for the purposes indicated in Article 112.c of the Charter, and to submit to the Council such observations as it may deem pertinent;

3. To study any other subjects the Permanent Council may entrust to it in relation to the programs, budget, administration, and financial aspects of the operations of the General Secretariat; and

4. To consider any annual evaluation reports submitted by the secretary general to the Permanent Council in compliance with the provisions of the General Standards to Govern the Operations of the General Secretariat and, on that basis, to evaluate the overall effectiveness of the Organization’s programs, projects, and activities. Furthermore, to make any recommendations it deems appropriate and submit them to the Permanent Council for consideration and subsequent referral to the Preparatory Committee, so that they may be considered by the General Assembly in conjunction with the proposed program-budget.

**II. officers**

For the 2022 term, in accordance with Article 28 of its Rules of Procedure, the Permanent Council installed the CAAP on January 19, 2022, and on February 2, 2022, elected Minister Aurimar Jacobino de Barros Nunes, then Interim Representative of Brazil to the OAS, as Chair of the CAAP for a period that will end on December 31, 2022.

**III. MANDATES**

In keeping with Article 30 of the Rules of Procedure of the Permanent Council, at its regular meeting of December 15, 2021, the Permanent Council adopted the “Distribution of Mandates Assigned by the Fiftieth Regular Session of the General Assembly and other Previous Sessions” (document [CP/doc.5750/21 rev. 1](http://scm.oas.org/doc_public/ENGLISH/HIST_21/CP45364E06.docx)) and assigned to the CAAP the mandates contained in the following resolution during the 2022 term.

From the fifty-first regular session, held in 2021:

1. AG/RES. 2971 (LI-O/21) Program-Budget of the Organization for 2022
2. Observations and recommendations on the annual reports of the following organs, agencies, and entities of the Organization (Article 91.f of the OAS Charter)
3. Board of External Auditors (BEA)
4. Administrative Tribunal (TRIBAD)
5. **WORKING GROUPS**

The Chair suggests that, in order to reach the necessary consensus and to achieve in a timely manner the tasks with which the Committee is entrusted, the CAAP installs the following formal working groups:

1. Working Group to Conduct the Technical Review of the Program-Budget (GT-RTPP), as established by resolutions AG/RES. 2774 (XLIII-O/13) and AG/RES. 2815 (XLIV-O/14).
* Pursuant to the abovementioned resolutions, the CAAP is requested to establish, on an annual basis, said working group to conduct the technical review of the program-budget and also to study several other topics assigned by the CAAP.
* Additionally, the Working Group will receive guidance and technical support from the General Secretariat in order to execute its mandates established in the aforesaid resolution, including:
1. Reviewing the budgetary implications of the Organization’s current mandates and submitting to the CAAP its technical recommendations for consideration in the preparation of the program-budget for the following budgetary period.
2. Reviewing the budgetary implementation of the mandates approved at the preceding General Assembly session.
3. Reviewing and submitting to the CAAP comments on the semiannual resource management reports and examining the expenditures and outcomes against budget appropriation.
4. Addressing such other requests as the CAAP may make.
5. Working Group to Prepare the Draft Resolution on the Program-Budget (GT/RPP)
	* + As in previous years, the Chair proposes, in accordance with Article 13 of the Rules of Procedure of the Permanent Council, to install the aforementioned Working Group.
		+ This Working Group will be in charge of negotiating the text of the draft resolution “Program-Budget of the Regular Fund of the Organization for 2023.”
6. Working Group on the Review of OAS Programs (GT/RVPP)

At its meeting of August 11, 2009, the CAAP created the Working Group on the Review of OAS Programs with a view to establishing a process in the medium term for reviewing the program-budgets for 2011 and beyond and for satisfying member states’ requests to have a results-oriented budget. The end result would be a long term financially sustainable organization with improved performance in support of clearly defined member state driven priorities.

The Working Group will continue to meet, as required, to discharge its duties and to carry out any other mandates that may arise from resolutions of the General Assembly or of the Permanent Council.

1. **ACTIVITIES OF THE CAAP IN THE 2022 TERM**

During the term now beginning, the CAAP will be charged with examination of the reports to be submitted by the General Secretariat pursuant to the mandates entrusted to the Committee, setting the budget ceiling for 2023, and focusing especially on the examination and review of the draft program-budget for 2023 and the negotiation of its draft resolution.

The Committee will also deal with all administrative, budgetary, and financial matters and related reports that may be submitted for its consideration, in addition to those already assigned by the General Assembly.

1. Consideration of the draft program-budget of the Organization for 2023

As for the preparations for the fifty-second regular session of the General Assembly to be held in 2022, when the program-budget of the Organization for 2023 will be considered and approved, the CAAP, in accordance with Article 19.b of the Rules of Procedure of the Permanent Council and Article 99 of the General Standards to Govern the Operations of the General Secretariat, shall devote as many formal and informal meetings as are necessary to carry out these tasks.

*Approach to Budget Consideration*

The CAAP will first have to determine the budget ceiling for 2023. Following the establishment of the budget ceiling, in accordance with AG/RES. 2971 (LI-O/21) Program-budget of the organization for 2022, the General Secretariat will include all statutory increases and comply with all the requirements mandated by the General Standards when presenting the draft budget of the Regular Fund and the ICR. The draft program-budget for the cycle must also take into account the following guidelines:

i. It does not propose to cut the reserve subfunds or use them for any purpose;

ii. If the budget ceiling is set to decrease relative to the preceding year, in actual or expected inflation adjusted terms, those cuts would be distributed in a way that seeks to ensure an adequate and sustainable financial allocation that minimizes possible negative impacts on the work of all areas.

iii. It allocates the necessary amount to adequately cover all costs of the Organization included in Chapter 12.

iv. It is presented at Chapter and Subprograms level.

The negotiations of the member states will initially focus on establishing agreements at the Chapter level and, in the case of Chapters 3 and 13, at the Subprogram level. Their allocations will be included at this level in the program-budget resolution, in the section on Budget Appropriations. Subsequently, all appropriations at Subprograms level may also be included on the section on Budget Appropriations if member states decide so.

The proposal will include, as it is customary, the rationale as well as explanations of variances from the previous year and human and financial resources requirements in line with expected results. The General Secretariat shall also include expenditure forecasts for two additional years.

In compliance with the mandates in AG/RES. 2971 (LI-O/21), Program-Budget of the Organization for 2022, the General Secretariat will continue using the standard template approved by the member states, ([CP/CAAP-3664/20 rev. 1](http://scm.oas.org/doc_public/ENGLISH/HIST_20/CP42562E03.docx)), when the secretariats present information to the CAAP about the impact of proposed budgets in their areas. The template completed with information from the secretariats shall be reviewed by the Secretariat for Administration and Finance prior to presentation to the CAAP together with the presentation of the draft Program-Budget of the Organization. In turn, the Secretariats should be cognizant of the final versions of the templates circulated to the CAAP. The template should include but is not limited to the following:

i. A table indicating the previous year's approved budget, the amount allocated, execution level, and the new budget proposal level.

ii. Bullet points on the key impacts of the proposed funding level.

The CAAP Chair will then lead the analysis and discussion of the budget. As in previous years, delegates will be requested to submit in writing their recommendations to the Chair in order to contribute to the deliberations. Each proposed budget increase for one area must be accompanied by its corresponding reduction in another area.

Parallel to the review of the 2023 program-budget, the CAAP will carry out the consideration of the draft resolution “Program-Budget of the Organization for 2023.”

1. Topics to be considered by the CAAP and its Working Groups during the period of February to December 2022

The CAAP has achieved substantial progress in improving the operations of the Organization. The work during this period will be focused on complying with resolution AG/RES. 2971 (LI-O/21), “Program-Budget of the Organization for 2022,” and mandates assigned by the Permanent Council focusing especially and not limited to topics included in the document “Assignment of Mandates to the CAAP and its Working Groups”:

 Special attention will be given to the following priorities:

REVIEW OF THE QUOTA SCALE OF THE REGULAR FUND

Pursuant to resolution AG/RES. 1 (XXXIV-E/07) rev. 1, the methodology for calculating the OAS scale of quota assessments is based on the methodology used to calculate the scale of contributions to the Regular Fund of the United Nations (UN), adapted according to criteria defined by the OAS. That resolution was most recently amended by resolution CP/RES. 1103 (2168/18), which established the limits of 49.99% for the maximum quota and 0.044% for the minimum quota. The decision regarding those limits is based on strictly political criteria, and is the determining factor for the quota assessments of 12 member states (1 quota affected by the maximum limit, and 11 by the minimum limit), which will finalize their transition to the new levels in 2023.

The remaining 22 member states, however, should have their quota assessments partially determined according to the UN scale. The periodic review of the UN scale should, pursuant to resolution AG/RES. 1 (XXXIV-E/07) rev. 1, be followed by a review of the OAS scale, but the application of this provision was suspended as an exceptional measure by resolution CP/RES. 1103 (operative paragraph D). Consequently, the quotas of the 22 member states that are subject to review on the basis of technical criteria are outdated, as they are based on the scale used by the UN in the 2016-2018 period, which formulated from economic data obtained in 2015 (the year that UN scale was adopted). The OAS, in turn, ignored the scale used by the UN in the 2019-2021 period. The current adaptation to the quota limits set by CP/RES. 1103 consists solely of the application of the effects of the aforementioned limits to the scale of quota assessments in force at the OAS in 2018, which was based, as mentioned, on the 2016-2018 UN scale.

In a context in which the scope for expanding the OAS budget is rapidly decreasing, the maintenance of a lagged quota scale poses significant challenges when it comes to analyzing options that could help the Organization to deal with the high inflationary pressures currently being seen.

Taking advantage of the adoption by the UN on December 24, 2021, of a new scale for the period 2022-2024, the chair proposes, in 2022, to hold discussions on a review of quota assessments determined according to technical criteria, ideally in order to enable the OAS to analyze a new quota assessment scale to take effect as of 2023, replacing the scale envisaged for that year in resolution CP/RES. 1103.

This exercise would, in principle, seek to assess the possibility of harmonizing the reviews conducted by the OAS with those carried out by the UN, so that the scale of quota assessments is more in line with the socioeconomic situation in the Hemisphere, and its aim would be to expand the options that would in due course be available to member states during the preparation of the 2023 program-budget.

MANDATE PRIORITIZATION

In 2021, the General Secretariat developed proposed criteria for prioritizing mandates (explained in document [CAAP/GT/RVPP-462/21](http://scm.oas.org/pdfs/2021/CP45001ECAAP.docx)) and presented two methodology options for this exercise, which differ in terms of the weight assigned to the criteria scores and the presentation of results. The latest presentation on this topic was circulated on December 20, 2021 ([CAAP/GT/RVPP-471/21](http://scm.oas.org/doc_public/ENGLISH/HIST_21/CP45383E03.docx)) and further developments in this regard depend on decisions by member states.

In establishing this topic as a priority, the Chair recalls that, during the first mandate prioritization exercise, in 2015, the number of pending mandates for the Organization was reduced to 80. Since then, however, about 972 mandates were adopted in the 2016-2021 period. The number of mandates in force implies a need for resources that far exceeds the operational capacity of the OAS in the short and medium terms, a situation which, according to the Chair's assessment, makes it urgent to carry out a new prioritization exercise, incorporating the lessons learned from past experience.

REAL ESTATE

The Chair will support the discussion, in the appropriate forums, of options for hosting the Inter-American Defense Board (IADB) in order to optimize maintenance of OAS real estate. In working in this direction, the Chair will also bear in mind the opportunity that any transfer of ownership of the “Casa do Soldado” may present for improving the maintenance of other OAS real estate and solving the budgetary challenges afflicting the Secretariat of the IADB Council of Delegates. The CAAP will also keep monitoring developments relating to the telework policy for General Secretariat employees and, based on those developments, resume discussions on the maintenance costs and real estate financing of the General Services Building.

Without prejudice to the foregoing, the CAAP will pay particular attention to the following initiatives the implementation of which is under the responsibility of the OAS General Secretariat: (i) the OASCORE project; (ii) update of the Strategic Plan for the 2022-2024; (iii) impact assessment of the change in the indirect cost recovery (ICR) rate adopted in 2021; (iv) continued improvement of the methodology applicable to ICR; and (v) update of the Human Resources Strategy implementation plan.

In addition to the matters mentioned above, the Committee will follow up on any request and mandates arising from General Assembly and Permanent Council resolutions, as applicable.

CPSC08881E04

1. **FINANCIAL RESOURCES**

 The General Assembly through resolution AG/RES. 2971 (LI-O/21) Program-Budget of the Organization for 2022” approved US$99,800 to finance all CAAP and its Working Groups’ meetings for year 2022.

I am pleased to present for its consideration this draft Work Plan, which will serve as a general framework for the work of the CAAP from February to December 2022.

Minister Aurimar Jacobino de Barros Nunes

Alternate Representative of Brazil to the OAS

Chair of the Committee on Administrative and Budgetary Affairs



CP45539E01